

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Oakfield	County Kent
Fiscal Year End March 31, 2007	Opinion Date July 25, 2007	Date Audit Report Submitted to State August 9, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

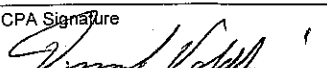
YES ☒ NO ☐

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 communication	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number (269) 381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		Zip 49002	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen, CPA	License Number 1101020724

*Township of Oakfield*  
*Kent County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2007*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the Township of Oakfield, Michigan's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets increased by \$223,183 (9 percent) as a result of this year's activities. Net assets of the governmental and business-type activities increased by \$216,277 and \$6,906, respectively.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$515,870, which represents 80 percent of the actual total General Fund expenditures for the current fiscal year.

**Overview of the financial statements**

The Township's annual financial report is comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2007 and 2006 is also presented.

**Government-wide financial statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Government-wide financial statements (Continued)**

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer system is reported here.

**Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township establishes other funds to control and manage money for particular purposes (like cemetery operations) or to show that it is properly using certain taxes and other revenues.

The Township has two kinds of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focuses on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activity but provides more detail and additional information, such as cash flows.

**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net assets.** Total net assets at the end of the fiscal year were \$2,688,250, an increase of 9 percent compared to the prior year. Of this total, \$1,464,622 is invested in capital assets, net of related debt, and \$125,000 is restricted for various purposes. Consequently, unrestricted net assets were \$1,098,628, or 41 percent of the total. While the Township reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities.

Condensed financial information  
Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	<b>\$1,047,625</b>	\$1,010,219	<b>\$ 248,975</b>	\$ 286,941	<b>\$1,296,600</b>	\$1,297,160
Capital assets	<b>1,122,419</b>	1,003,737	<b>462,203</b>	461,312	<b>1,584,622</b>	1,465,049
Total assets	<b>2,170,044</b>	2,013,956	<b>711,178</b>	748,253	<b>2,881,222</b>	2,762,209
Current liabilities	<b>72,972</b>	133,161	-	3,981	<b>72,972</b>	137,142
Long-term debt outstanding	<b>-</b>	-	<b>120,000</b>	160,000	<b>120,000</b>	160,000
Total liabilities	<b>72,972</b>	133,161	<b>120,000</b>	163,981	<b>192,972</b>	297,142
Net assets:						
Invested in capital assets, net of related debt	<b>1,122,419</b>	1,003,737	<b>342,203</b>	301,312	<b>1,464,622</b>	1,305,049
Restricted	<b>-</b>	-	<b>125,000</b>	212,773	<b>125,000</b>	212,773
Unrestricted	<b>974,653</b>	877,058	<b>123,975</b>	70,187	<b>1,098,628</b>	947,245
Total net assets	<b>\$2,097,072</b>	\$1,880,795	<b>\$ 591,178</b>	\$ 584,272	<b>\$2,688,250</b>	\$2,465,067

**Changes in net assets.** The Township's total revenues for fiscal year 2007 were \$807,443. Nearly 43 percent of the Township's revenues come from state shared revenue while only 16 percent comes from property taxes. Charges for services represent almost 24 percent of total revenues.

The total cost of all the Township's programs for fiscal year 2007, covering a wide range of services, totaled \$584,260. More than 39 percent of the Township's costs relate to general government services. Public works costs represented 26 percent of all costs during the year.

**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)**

Condensed financial information Changes in Net Assets						
	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Program revenues:						
Charges for services	\$ 153,313	\$ 144,450	\$ 39,586	\$ 40,208	\$ 192,899	\$ 184,658
Operating grants and contributions	6,703	138,373	-	-	6,703	138,373
Capital grants and contributions	56,452	48,053	5,000	3,000	61,452	51,053
General revenues:						
State shared revenue	344,038	346,475	-	-	344,038	346,475
Property taxes	128,739	172,642	-	-	128,739	172,642
Interest income	39,863	30,740	13,896	7,987	53,759	38,727
Other	19,853	15,761	-	-	19,853	15,761
Total revenues	<u>748,961</u>	<u>896,494</u>	<u>58,482</u>	<u>51,195</u>	<u>807,443</u>	<u>947,689</u>
Expenses:						
Legislative	8,660	8,657	-	-	8,660	8,657
General government	226,956	216,175	-	-	226,956	216,175
Public safety	136,202	155,344	-	-	136,202	155,344
Public works	149,789	246,941	-	-	149,789	246,941
Community and economic development	11,077	10,828	-	-	11,077	10,828
Sewer	-	-	51,576	37,051	51,576	37,051
Total expenses	<u>532,684</u>	<u>637,945</u>	<u>51,576</u>	<u>37,051</u>	<u>584,260</u>	<u>674,996</u>
Increase in net assets	<u>\$ 216,277</u>	<u>\$ 258,549</u>	<u>\$ 6,906</u>	<u>\$ 14,144</u>	<u>\$ 223,183</u>	<u>\$ 272,693</u>

**Governmental activities**

Governmental activities increased the Township's net assets by \$216,277. A significant factor that contributed to the increase was the recognition of capital grants in the amount of \$56,452. In addition, our expenses decreased by \$105,261. The Township reduced expenses so that we could transfer more funds into the Capital Improvement Fund to provide for more paving in the 2007-2008 budget year.

The following table shows the costs of the Township's programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Township's taxpayers by each of these functions.

The total cost of all governmental activities was \$532,684.



**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE (Continued)**

However, the amount that our taxpayers paid for these activities through general revenues was \$316,216. Some of the cost was paid by:

- Those who directly benefited from the programs (\$153,313).
- The State subsidized certain public works programs with a grant (\$6,703).
- The federal government provided a capital grant (\$42,868) for fire equipment.
- The State of Michigan provided a capital grant (\$13,584) for voting machines.

The Township paid for the \$316,216 "public benefit" portion with \$532,493 in general revenues including property taxes and state shared revenue.

	<i>Total cost of services</i>	<i>Net cost of services</i>
General government	\$ 226,956	\$ 141,522
Public safety	136,202	48,126
Public works	149,789	106,831
Other	19,737	19,737
<b>Total</b>	<b>\$ 532,684</b>	<b>\$ 316,216</b>

**Business-type activities**

Business-type activities increased the Township's net assets by \$6,906. The increase in net assets is made possible because rates are set to cover the full cost of services.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds.** As of March 31, 2007, the Township's governmental funds reported combined ending fund balances of \$974,653 an increase of \$97,595 over last year's balances.

The General Fund is the primary operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$515,870, which represents 80 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance increased by \$104,042 during the fiscal year because current year revenues were sufficient to cover current year expenditures. We also made an effort to decrease expenditures in the current year.

The fund balance of the Capital Improvement Fund decreased by \$857 reflecting amounts transferred to the General Fund in support of current expenditures.

**Proprietary fund.** The Sewer Fund, the Township's sole proprietary fund, experienced an increase in net assets of \$6,906 for reasons explained above.

**Township of Oakfield**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**General Fund budgetary highlights**

The Township Board amended the General Fund budgeted expenditures during the year to reflect increased costs experienced during the year. Total budgeted expenditures were increased by \$14,531.

Revenues and transfers in were \$139,200 less than budgeted as transfers from the Capital Improvement Fund were less than we originally thought necessary. General Fund expenditures were \$327,024 less than the amounts appropriated primarily because road construction costs ended up being \$191,328 less than anticipated. These conditions resulted in a \$187,824 positive budget variance, and a \$104,042 increase in fund balance compared to a budgeted \$83,782 decrease. There were no significant negative variances in any of the General Fund functional expenditure classifications.

**Capital assets and debt administration**

*Capital assets*

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2007, amounts to \$1,584,622 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, shared road costs, and sewer facilities. The increase in the Township's net investment in capital assets for the current fiscal year was \$119,573, or 8 percent.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Total</i>
Land and improvements	\$ 30,411	\$ -	\$ 30,411
Buildings	153,869	-	153,869
Equipment	218,118	31,389	249,507
Vehicles	250,481	-	250,481
Shared road improvements	469,540	-	469,540
Sewer system	-	430,814	430,814
<b>Total</b>	<b>\$ 1,122,419</b>	<b>\$ 462,203</b>	<b>\$ 1,584,622</b>

This year's major capital asset additions included:

- Shared road improvement projects with costs of \$114,047
- A new truck was purchased at a cost of \$20,283

More detailed information about the Township's capital assets is presented in Note 5 of the basic financial statements.

*Debt administration*

The Township reduced its long-term liabilities by \$40,000 during the fiscal year. The balance at the end of the fiscal year was \$120,000. Debt service payments were made in a timely manner.

***Township of Oakfield***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Economic condition and outlook**

The economic condition of Oakfield Township is excellent. We have limited discretionary spending and wage increases but we still are paving and maintaining roads. We are providing the important and necessary services to our residents and community as a whole. As for the economic outlook for Oakfield Township, it looks excellent so long as the Township Board continues to be fiscally responsible with the funds that we have to work with.

**Contacting the Township's financial management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Greg Dean, Supervisor  
Township of Oakfield  
10300 14 Mile Road  
Rockford, MI 49341

Phone: (616) 754-5679

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Oakfield, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the nonmajor fund of the Township of Oakfield, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township of Oakfield, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Oakfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the nonmajor fund of the Township of Oakfield, Michigan, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Siegfried Crandall P.C.*

July 25, 2007

## **BASIC FINANCIAL STATEMENTS**

**Township of Oakfield**  
**STATEMENT OF NET ASSETS**  
*March 31, 2007*

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 487,257	\$ 170,274	\$ 657,531
Investments	409,365	-	409,365
Receivables	<u>151,003</u>	<u>38,701</u>	<u>189,704</u>
Total current assets	<u>1,047,625</u>	<u>208,975</u>	<u>1,256,600</u>
Noncurrent assets:			
Receivables	-	40,000	40,000
Capital assets not being depreciated - land	15,906	-	15,906
Capital assets being depreciated, net of accumulated depreciation	<u>1,106,513</u>	<u>462,203</u>	<u>1,568,716</u>
Total noncurrent assets	<u>1,122,419</u>	<u>502,203</u>	<u>1,624,622</u>
Total assets	<u>2,170,044</u>	<u>711,178</u>	<u>2,881,222</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	38,824	-	38,824
Deferred revenue	34,148	-	34,148
Bonds payable	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total current liabilities	<u>72,972</u>	<u>40,000</u>	<u>112,972</u>
Noncurrent liabilities:			
Bonds payable	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Total liabilities	<u>72,972</u>	<u>120,000</u>	<u>192,972</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,122,419	342,203	1,464,622
Restricted for debt service	-	125,000	125,000
Unrestricted	<u>974,653</u>	<u>123,975</u>	<u>1,098,628</u>
Total net assets	<u>\$ 2,097,072</u>	<u>\$ 591,178</u>	<u>\$ 2,688,250</u>

See notes to financial statements

**Township of Oakfield**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2007

<b>Functions/Programs</b>	<b><u>Expenses</u></b>	<b><u>Program revenues</u></b>		
		<b><u>Charges for services</u></b>	<b><u>Operating grants and contributions</u></b>	<b><u>Capital grants and contributions</u></b>
Governmental activities:				
Legislative	\$ 8,660	\$ -	\$ -	\$ -
General government	226,956	71,850	-	13,584
Public safety	136,202	45,208	-	42,868
Public works	149,789	36,255	6,703	-
Community and economic development	<u>11,077</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	532,684	153,313	6,703	56,452
Business-type activity - Sewer	<u>51,576</u>	<u>39,586</u>	<u>-</u>	<u>5,000</u>
Totals	<u>\$ 584,260</u>	<u>\$ 192,899</u>	<u>\$ 6,703</u>	<u>\$ 61,452</u>

General revenues:  
State shared revenue  
Property taxes  
Interest income  
Franchise fees

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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**Net (expenses) revenues and changes in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (8,660)		\$ (8,660)
(141,522)		(141,522)
(48,126)		(48,126)
(106,831)		(106,831)
<u>(11,077)</u>		<u>(11,077)</u>
(316,216)		(316,216)
<u>-</u>	\$ <u>(6,990)</u>	<u>(6,990)</u>
<u>(316,216)</u>	<u>(6,990)</u>	<u>(323,206)</u>
344,038	-	344,038
128,739	-	128,739
39,863	13,896	53,759
<u>19,853</u>	<u>-</u>	<u>19,853</u>
<u>532,493</u>	<u>13,896</u>	<u>546,389</u>
216,277	6,906	223,183
<u>1,880,795</u>	<u>584,272</u>	<u>2,465,067</u>
<u>\$ 2,097,072</u>	<u>\$ 591,178</u>	<u>\$ 2,688,250</u>

See notes to the financial statements



**Township of Oakfield**  
**BALANCE SHEET - governmental funds**  
March 31, 2007

	<u>Major funds</u>		<u>Nonmajor fund</u>	<u>Total</u>
	<u>General</u>	<u>Capital Improvement</u>	<u>Cemetery</u>	<u>governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 272,920	\$ 214,337	\$ -	\$ 487,257
Investments	164,919	225,073	19,373	409,365
Receivables	151,003	-	-	151,003
Total assets	<u>\$ 588,842</u>	<u>\$ 439,410</u>	<u>\$ 19,373</u>	<u>\$ 1,047,625</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 38,824	\$ -	\$ -	\$ 38,824
Deferred revenue	34,148	-	-	34,148
Total liabilities	<u>72,972</u>	<u>-</u>	<u>-</u>	<u>72,972</u>
Fund balances:				
Designated for public works	-	341,041	-	341,041
Unreserved, undesignated	515,870	98,369	19,373	633,612
Total fund balances	<u>515,870</u>	<u>439,410</u>	<u>19,373</u>	<u>974,653</u>
Total liabilities and fund balances	<u>\$ 588,842</u>	<u>\$ 439,410</u>	<u>\$ 19,373</u>	<u>\$ 1,047,625</u>
Fund balances - all governmental funds				\$ 974,653
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 4) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				<u>1,122,419</u>
Net assets of <i>governmental activities</i>				<u>\$ 2,097,072</u>

See notes to financial statements

**Township of Oakfield**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds**  
Year ended March 31, 2007

	<u>Major funds</u>		<u>Nonmajor fund</u>	<u>Total</u>
	<u>General</u>	<u>Capital Improvement</u>	<u>Cemetery</u>	<u>governmental funds</u>
<b>REVENUES</b>				
Property taxes	\$ 184,744	\$ -	\$ -	\$ 184,744
Licenses and permits	45,208	-	-	45,208
Federal grant	42,868	-	-	42,868
State grants	350,741	-	-	350,741
Charges for services	6,820	-	1,700	8,520
Interest and rentals	46,840	13,657	1,119	61,616
Other	45,820	-	-	45,820
Total revenues	<u>723,041</u>	<u>13,657</u>	<u>2,819</u>	<u>739,517</u>
<b>EXPENDITURES</b>				
Legislative	8,660	-	-	8,660
General government	210,167	-	-	210,167
Public safety	105,860	-	-	105,860
Public works	227,611	-	-	227,611
Community and economic development	11,077	-	-	11,077
Capital outlay	78,547	-	-	78,547
Total expenditures	<u>641,922</u>	<u>-</u>	<u>-</u>	<u>641,922</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>81,119</u>	<u>13,657</u>	<u>2,819</u>	<u>97,595</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	22,923	-	-	22,923
Transfers out	-	(14,514)	(8,409)	(22,923)
Total other sources (uses)	<u>22,923</u>	<u>(14,514)</u>	<u>(8,409)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	104,042	(857)	(5,590)	97,595
<b>FUND BALANCES - BEGINNING</b>	<u>411,828</u>	<u>440,267</u>	<u>24,963</u>	<u>877,058</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 515,870</u>	<u>\$ 439,410</u>	<u>\$ 19,373</u>	<u>\$ 974,653</u>

See notes to financial statements

**Township of Oakfield**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - *governmental funds* (Continued)**  
*Year ended March 31, 2007*

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	<b><i>Total governmental funds</i></b>
Net change in fund balances - total governmental funds	\$ 97,595
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Capital assets:	
Assets acquired	202,916
Loss on disposal	(4,140)
Provision for depreciation	<u>(80,094)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 216,277</u>

*See notes to financial statements*

**Township of Oakfield**  
**STATEMENT OF NET ASSETS - *proprietary fund***  
*March 31, 2007*

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	<u><b>Sewer Fund</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 170,274
Receivables	<u>38,701</u>
Total current assets	<u>208,975</u>
Noncurrent assets:	
Receivables	40,000
Capital assets, net of accumulated depreciation	<u>462,203</u>
Total noncurrent assets	<u>502,203</u>
Total assets	<u>711,178</u>
<b>LIABILITIES</b>	
Current liabilities:	
Bonds payable	<u>40,000</u>
Noncurrent liabilities:	
Bonds payable	<u>80,000</u>
Total liabilities	<u>120,000</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	342,203
Restricted for debt service	125,000
Unrestricted	<u>123,975</u>
Total net assets	<u>\$ 591,178</u>

*See notes to financial statements*

**Township of Oakfield**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - *proprietary fund***  
*Year ended March 31, 2007*

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	<u><b>Sewer Fund</b></u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 39,586
<b>OPERATING EXPENSES</b>	
Operation and maintenance	33,443
Depreciation	<u>13,310</u>
Total operating expenses	<u>46,753</u>
<b>OPERATING LOSS</b>	<u>(7,167)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Capital contributions	5,000
Interest revenue	13,896
Interest expense	<u>(4,823)</u>
Total nonoperating revenues	<u>14,073</u>
<b>CHANGE IN NET ASSETS</b>	6,906
<b>NET ASSETS - BEGINNING</b>	<u>584,272</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 591,178</u></u>

*See notes to financial statements*

**Township of Oakfield**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
Year ended March 31, 2007

	<u><b>Sewer Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 39,400
Payments to suppliers	<u>(33,253)</u>
Net cash provided by operating activities	<u>6,147</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Collection of special assessment principal	30,642
Collection of special assessment interest	3,252
Capital contributions	5,000
Purchase of capital assets	(14,201)
Principal payments on capital debt	(40,000)
Interest payments on capital debt	<u>(8,994)</u>
Net cash used in capital and related financing activities	<u>(24,301)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>13,896</u>
<b>NET DECREASE IN CASH</b>	(4,258)
<b>CASH - BEGINNING</b>	<u>174,532</u>
<b>CASH - ENDING</b>	<u><u>\$ 170,274</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (7,167)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	13,310
Change in assets and liabilities:	
Receivables	(186)
Payables	<u>190</u>
Net cash provided by operating activities	<u><u>\$ 6,147</u></u>

See notes to financial statements

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Oakfield, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from state shared revenue and property taxes.

The Capital Improvement Fund accounts for the use of unrestricted revenues from the General Fund to finance the costs of capital improvements, primarily road construction costs.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.



**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer systems, shared road costs, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Shared road costs	20 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no significant budget variances during the fiscal year.

**NOTE 3 - CASH AND INVESTMENTS:**

Cash and investments, as presented in the accompanying financial statements, consist of the following:

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Deposits	\$ 486,657	\$ 170,274	\$ 656,931
Investments	409,365	-	409,365
Cash on hand	<u>600</u>	<u>-</u>	<u>600</u>
Total cash and investments	<u>\$ 896,622</u>	<u>\$ 170,274</u>	<u>\$ 1,066,896</u>

*Deposits with financial institutions:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. At March 31, 2007, \$500,926 of the Township's bank balances of \$700,926 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Investments:*

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds that invest in investments allowed by state statute, and f) investment pools organized under the local government investment pool act. At March 31, 2007, the Township's investments consisted of holdings, in the amount of \$409,365, in the Kent County Investment Pool, a non-risk categorized, qualifying investment pool. The investments are recorded at cost, which approximates fair market value.

**NOTE 4 - RECEIVABLES:**

At March 31, 2007, the receivables of the Township's funds are as follows:

	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Special assessments</u>	<u>Totals</u>
Governmental funds:					
General Fund	<u>\$ 12,925</u>	<u>\$ 45,353</u>	<u>\$ 56,493</u>	<u>\$ 36,232</u>	<u>\$ 151,003</u>
Proprietary funds:					
Sewer Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,701</u>	<u>\$ 78,701</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>

All receivables are considered to be fully collectable.

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2007, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 15,906	\$ -	\$ -	\$ 15,906
Capital assets being depreciated				
Land and improvements	17,000	8,075	-	25,075
Buildings	249,882	7,800	-	257,682
Equipment	302,131	52,711	-	354,842
Vehicles	507,417	20,283	(9,200)	518,500
Shared road improvements	394,802	114,047	-	508,849
Subtotal	1,471,232	202,916	(9,200)	1,664,948
Less accumulated depreciation for:				
Land improvements	(9,350)	(1,220)	-	(10,570)
Buildings	(98,682)	(5,131)	-	(103,813)
Equipment	(117,659)	(19,065)	-	(136,724)
Vehicles	(247,154)	(25,925)	5,060	(268,019)
Shared road improvements	(10,556)	(28,753)	-	(39,309)
Subtotal	(483,401)	(80,094)	5,060	(558,435)
Total capital assets being depreciated, net	987,831	122,822	(4,140)	1,106,513
Governmental activities capital assets, net	\$ 1,003,737	\$ 122,822	\$ (4,140)	\$ 1,122,419

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS (Continued):**

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets being depreciated:				
Sewer system	\$ 577,231	\$ -	\$ -	\$ 577,231
Equipment	21,048	14,201	-	35,249
Subtotal	598,279	14,201	-	612,480
Less accumulated depreciation for:				
Sewer system	(134,867)	(11,550)	-	(146,417)
Equipment	(2,100)	(1,760)	-	(3,860)
Subtotal	(136,967)	(13,310)	-	(150,277)
Total capital assets being depreciated, net	461,312	891	-	462,203
Business-type activities capital assets, net	<u>\$ 461,312</u>	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ 462,203</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 20,999
Public safety	30,342
Public works	28,753
Total governmental activities	<u>\$ 80,094</u>

**NOTE 6 - PAYABLES:**

At March 31, 2007, the payables of the Township's funds are as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Deposits</u>	<u>Totals</u>
Governmental funds:				
General Fund	<u>\$ 22,536</u>	<u>\$ 6,048</u>	<u>\$ 10,240</u>	<u>\$ 38,824</u>

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - LONG-TERM DEBT:**

At March 31, 2007, long-term debt consists of the following individual issue:

Business-type activities:

Bonds payable:

\$191,000 2005 General Obligation Limited Tax Bonds - payable in annual installments ranging from \$31,000 to \$40,000, plus interest at 2.5% to 3.2%; final payment due April 2010 \$ 120,000

Long-term debt activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Business-type activities:					
2005 Sewer bonds	\$ 160,000	\$ -	\$ (40,000)	\$ 120,000	\$ 40,000

At March 31, 2007, debt service requirements are as follows:

<u>Year ended March 31:</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 40,000	\$ 3,070
2009	40,000	1,890
2010	40,000	640
	<u>\$ 120,000</u>	<u>\$ 5,600</u>

All debt is secured by the full faith and credit of the Township.

**NOTE 8 - CLAIMS ARISING FROM RISKS OF LOSS:**

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance. Claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**Township of Oakfield**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - INTERFUND TRANSFERS:**

A summary of interfund transfers for the year ended March 31, 2007, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
		Capital Improvement	\$ 14,514
General	\$ 22,923	Cemetery	8,409
Total	\$ 22,923	Total	\$ 22,923

The transfer from the Cemetery Fund represents unrestricted revenues collected in the Cemetery Fund to pay for cemetery operational costs accounted for in the General Fund.

The transfer from the Capital Improvement Fund represents unrestricted revenues from the Capital Improvement Fund to finance road construction and maintenance costs.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2007, is as follows:

Revenues	\$ 40,677
Expenses	<u>(46,394)</u>
Deficiency of revenues over expenses	\$ <u>(5,717)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Township of Oakfield**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 174,375	\$ 174,375	\$ 184,744	\$ 10,369
Licenses and permits	73,129	73,129	45,208	(27,921)
Federal grant - FEMA	45,000	45,000	42,868	(2,132)
State grants:				
State shared revenue	330,000	330,000	344,038	14,038
Other	7,900	7,900	6,703	(1,197)
Charges for services	8,100	8,100	6,820	(1,280)
Interest and rentals	34,000	34,000	46,840	12,840
Other:				
Special assessment	38,000	38,000	36,255	(1,745)
Miscellaneous	7,160	7,160	9,565	2,405
Total revenues	<u>717,664</u>	<u>717,664</u>	<u>723,041</u>	<u>5,377</u>
<b>EXPENDITURES</b>				
Legislative	<u>10,192</u>	<u>10,192</u>	<u>8,660</u>	<u>1,532</u>
General government:				
Supervisor	18,391	18,391	17,793	598
Elections	14,400	17,202	8,178	9,024
Assessor	32,948	33,674	31,686	1,988
Clerk	21,049	21,132	21,054	78
Treasurer	23,149	23,149	21,715	1,434
Hall and grounds	37,060	37,060	29,313	7,747
Cemetery	18,720	18,720	14,345	4,375
Other	88,620	93,124	66,083	27,041
Total general government	<u>254,337</u>	<u>262,452</u>	<u>210,167</u>	<u>52,285</u>
Public safety:				
Fire protection	80,369	82,635	69,251	13,384
Inspections	<u>63,350</u>	<u>63,350</u>	<u>36,609</u>	<u>26,741</u>
Total public safety	<u>143,719</u>	<u>145,985</u>	<u>105,860</u>	<u>40,125</u>

**Township of Oakfield**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Public works:				
Road construction and maintenance	\$ 385,400	\$ 385,400	\$ 194,072	\$ 191,328
Weed control	<u>53,600</u>	<u>53,600</u>	<u>33,539</u>	<u>20,061</u>
Total public works	<u>439,000</u>	<u>439,000</u>	<u>227,611</u>	<u>211,389</u>
Community and economic development - planning and zoning	<u>19,479</u>	<u>21,434</u>	<u>11,077</u>	<u>10,357</u>
Capital outlay	<u>89,883</u>	<u>89,883</u>	<u>78,547</u>	<u>11,336</u>
Total expenditures	<u>956,610</u>	<u>968,946</u>	<u>641,922</u>	<u>327,024</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(238,946)</u>	<u>(251,282)</u>	<u>81,119</u>	<u>332,401</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Cemetery Fund	7,500	7,500	8,409	909
Capital Improvement Fund	<u>300,000</u>	<u>160,000</u>	<u>14,514</u>	<u>(145,486)</u>
Total other financing sources	<u>307,500</u>	<u>167,500</u>	<u>22,923</u>	<u>(144,577)</u>
<b>NET CHANGE IN FUND BALANCES</b>	68,554	(83,782)	104,042	187,824
<b>FUND BALANCES - BEGINNING</b>	<u>411,828</u>	<u>411,828</u>	<u>411,828</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 480,382</u>	<u>\$ 328,046</u>	<u>\$ 515,870</u>	<u>\$ 187,824</u>

**Township of Oakfield**  
**BUDGETARY COMPARISON SCHEDULE - Capital Improvement Fund**  
Year ended March 31, 2007

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Interest	\$ 5,000	\$ 5,000	\$ 13,657	\$ 8,657
<b>OTHER FINANCING USES</b>				
Transfers out - General Fund	<u>(300,100)</u>	<u>(300,100)</u>	<u>(14,514)</u>	<u>285,586</u>
<b>NET CHANGE IN FUND BALANCES</b>	(295,100)	(295,100)	(857)	294,243
<b>FUND BALANCES - BEGINNING</b>	<u>440,267</u>	<u>440,267</u>	<u>440,267</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 145,167</u>	<u>\$ 145,167</u>	<u>\$ 439,410</u>	<u>\$ 294,243</u>

**Members of the Township Board  
Township of Oakfield, Michigan**

In planning and performing our audit of the financial statements of the Township of Oakfield as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Oakfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Township of Oakfield, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

*Siegfried Crandall P.C.*

July 25, 2007